

Message Text

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70

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-09 ISO-00 AEC-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01

H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00

FRB-01 FEA-01 PA-01 PRS-01 USIA-06 /117 W

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R 310033Z DEC 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5875

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY BEIRUT

USEC BRUSSELS 191

AMEMBASSY CARACAS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

US MISSION OECD PARIS 869

AMEMBASSY QUITO

AMEMBASSY SINGAPORE

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L JAKARTA 15528

E.O. 11652: GDS

TAGS: ENRG, ID

SUBJECT: ENERGY: INDONESIAN CRUDE OIL PRICE

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REF: JAKARTA 12124 (NOTAL)

1. BEGIN UNCLASSIFIED. INDONESIA PRESS REPORTED DEC. 30 THAT, FOLLOWING MEETING WITH PRESIDENT SUHARTO, PERTAMINA'S PRESIDENT DIRECTOR IBNU SUTOWO TOLD REPORTERS, "THE PRICE OF INDONESIA CRUDE OIL WILL NOT BE CHANGED IN THE NEAR FUTURE." END UNCLASSIFIED.

2. BEGIN CONFIDENTIAL. AS HAS BECOME CUSTOMARY, GOI DIRECTORATE OIL AND GAS (MIGAS), PERTAMINA AND OIL-PRODUCING COMPANIES HELD QUARTERLY OIL PRICE CONSULTATIONS DECEMBER 21-23 IN MEDAN, NORTH SUMATRA. ACCORDING OIL COMPANY AND PERTAMINA SOURCES, ALL PARTIES INVOLVED IN CONSULTATIONS DECIDED THERE SHOULD BE NO RPT NO CHANGE IN PRESENT \$12.60 FOB PRICE INDONESIA CRUDE OIL.

3. DURING CONVERSATION DECEMBER 28 WITH EMBOFF, GOI DIRECTOR OIL AND GAS (WIRJARSO) CONFIRMED REPORTS PARA 2. HE SAID MIGAS/PERTAMINA WERE RECOMMENDING NO CHANGE IN PRESENT PRICE BUT THAT FINAL DECISION RESTED WITH PRESIDENT SUHARTO. IN RESPONSE EMBOFF QUESTION CONCERNING HOW LONG PRESENT PRICE WOULD BE IN EFFECT, WIRJARSO SAID, "WE WILL BE WATCHING PRICE DEVELOPMENTS," POINTING OUT THAT RECENT OPEC MINISTERIAL MEETING RESULTED IN DECISION TO STABILIZE GOVERNMENT TAKE, NOT OIL SALES PRICE, FOR NEXT NINE MONTHS.

4. COMMENT: ALTHOUGH INDO DECISION NOT TO INCREASE CRUDE OIL MARKET PRICE WAS NOT SURPRISING, SOME LOCAL OBSERVERS EXPECTED SMALL PRICE INCREASE FOLLOWING NOVEMBER ABU DHABI AND DECEMBER OPEC DECISIONS TO INCREASE ROYALTY AND TAXES WHICH IS CREATING UPWARD PRESSURE ON PRICES. HENCE, INDO DECISION REFLECTS CERTAIN RESTRAINT AND DETERMINATION TO MAXIMIZE OIL PRODUCTION AND SALES.
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